

LEGISLATIVE RESEARCH COMMISSION

ENERGY CONSERVATION STUDY COMMITTEE



REPORT TO THE  
1997 GENERAL ASSEMBLY  
OF NORTH CAROLINA

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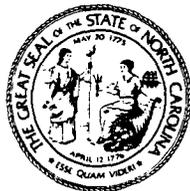
RELEVANT PORTIONS OF THE 1995 STUDIES BILL, CHAPTER 542  
OF THE 1995 SESSION LAWS (FIRST SESSION, 1995) [OR THE  
1996 STUDIES BILL, CHAPTER 17 OF THE 1995 SESSION LAWS  
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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27601-1096



January 15, 1996

TO THE MEMBERS OF THE 1997 GENERAL ASSEMBLY (REGULAR SESSION 1997):

The Legislative Research Commission herewith submits to you for your consideration its final report on Energy Conservation. The report was prepared by the Legislative Research Commission's Committee on Energy Conservation pursuant to G.S. 120-30.17(1).

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Harold J. Brubaker".

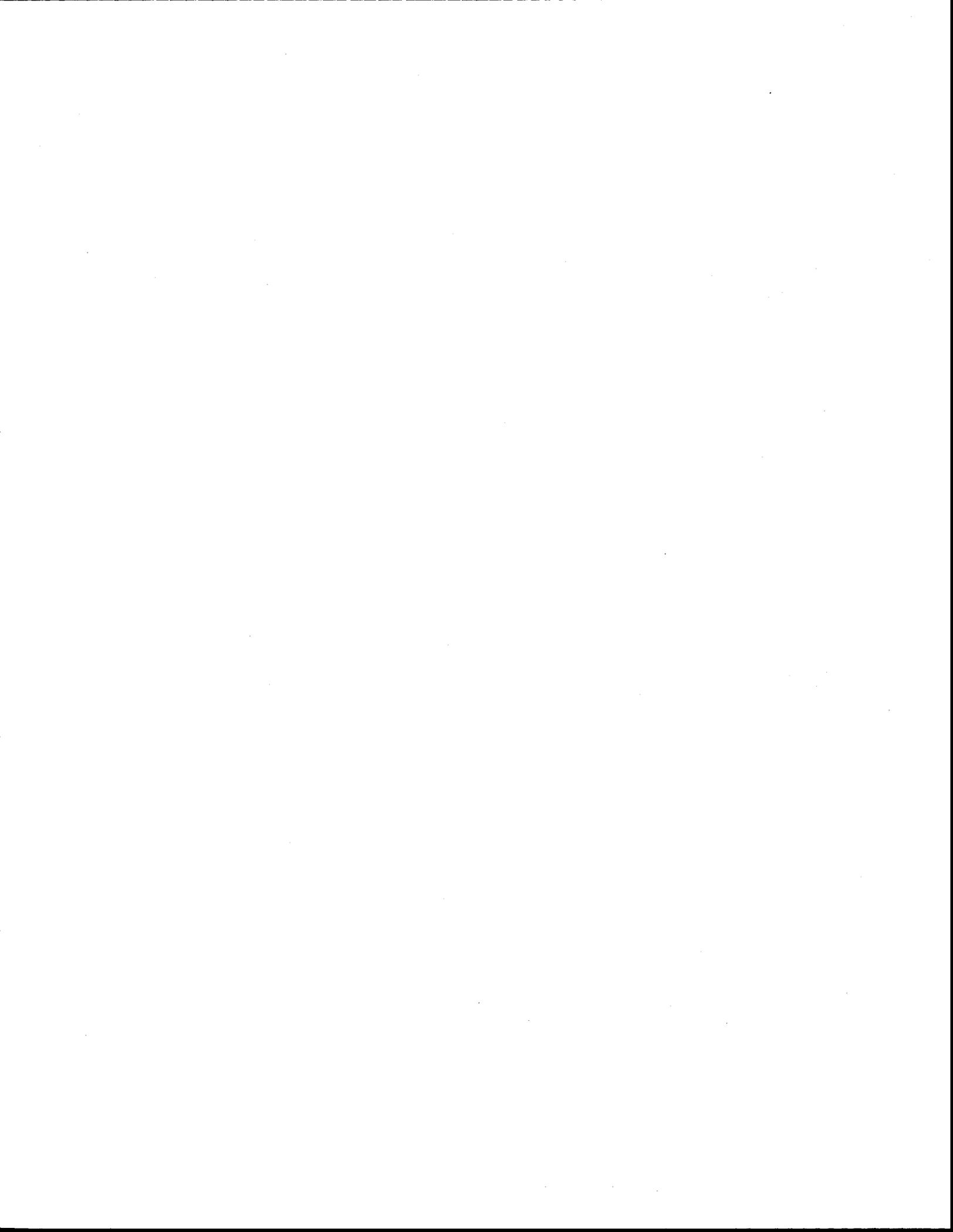
Harold J. Brubaker  
Speaker of the House

A handwritten signature in cursive script, appearing to read "Marc Basnight".

Marc Basnight  
President Pro Tempore

Cochair  
Legislative Research Commission





1995-1996

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

President Pro Tempore of  
the Senate

Marc Basnight, Cochair

Senator Frank W. Ballance, Jr.

Senator R. L. Martin

Senator Henry McKoy

Senator J. K. Sherron, Jr.

Senator Ed N. Warren

Speaker of the House

of Representatives

Harold J. Brubaker, Cochair

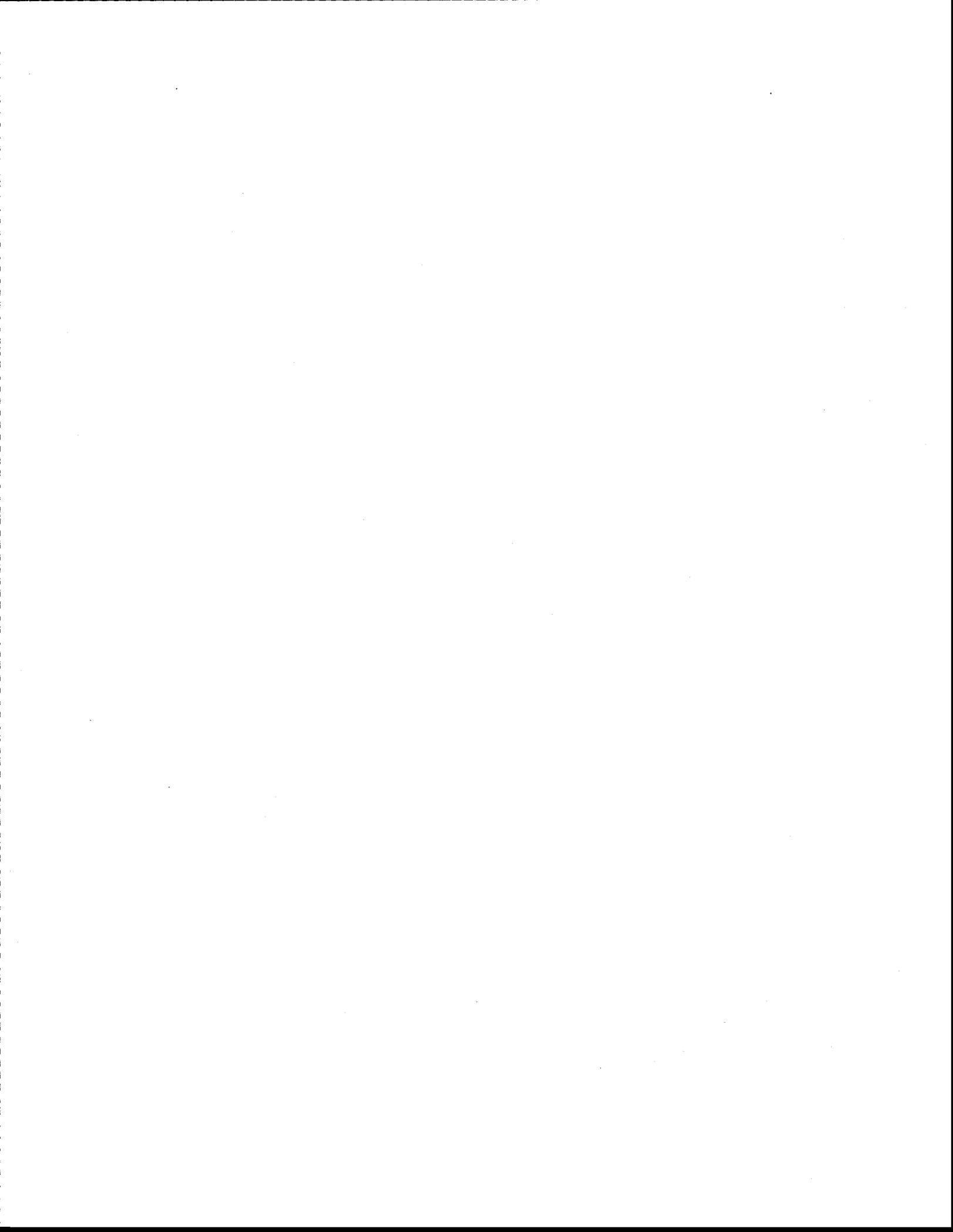
Rep. Jerry C. Dockham

Rep. Larry Linney

Rep. Edd Nye

Rep. Gregory J. Thompson

Rep. Constance K. Wilson



## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1995 Session and 1996 Sessions, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of Energy Conservation was authorized by Section 2.1(10) of Chapter 542 of the 1995 Session Laws (First Session, 1995). Part II of Chapter 542 allows for studies authorized by that Part for the Legislative Research Commission to consider House Joint Resolution 275 and Senate Joint Resolution 461 in determining the nature, scope and aspects of the study. Section 1 of Senate Joint Resolution 461 reads in part: "The Legislative Research Commission is authorized to study ways to promote energy conservation and the use of renewable sources of energy in North Carolina." The relevant portions of Chapter 542 and Senate Joint Resolution 461 are included in

Appendix A. The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its Education and Energy Conservation area under the direction of Senator Warren. The Committee was chaired by Senator C.R. Edwards and Representative Buchanan. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

### **COMMITTEE PROCEEDINGS**

The Legislative Research Commission Study on Energy Conservation met five times in Raleigh. The following comments are designed to amplify, supplement, and expand on the contents of the Minutes of the Commission on file in the Legislative Library, rather than to substitute for them.

#### **March 19, 1996**

The first meeting of the Study Committee was called to order by Senator Ed Warren, the LRC Member, on March 19, 1996. He described his role as the supervising LRC Member and welcomed the two Study Co-Chairmen, Senator C.R. Edwards and Representative Buchanan.

The Committee Counsel advised the Committee on the applicable LRC Rules governing the conduct of all meetings and presented a budget for the Study.

This Study Committee is a continuation of studies of Energy Conservation which was commenced in 1991. Susan Iddings, former Counsel to the two previous studies, gave a presentation on the findings and recommendations of the previous studies. [Copies of the reports of these Study Committees are on file in the Legislative Library.] The 1991 study focused on potential utility savings that could be realized by the State of North Carolina, in the neighborhood of \$34 million per year based on an annual utility expenditure of approximately \$110 per year. That Committee recommended to the 1993 General Assembly six pieces of legislation. The centerpiece of the recommendations was

Senate Bill 95 which would have provided a mechanism for funding energy conservation projects by the Department of Administration. While the 1993 Session of the General Assembly did not enact Senate Bill 95, three recommendations of the 1991 Study were enacted. They included House Bill 101, an act to expand the current energy policy for state government to apply to the construction, operation, and renovation of state facilities and House Bill 102, an act to require the local Boards of Education to use the energy guidelines for school design and construction in order to insure construction of energy efficient new schools and renovated schools.

The 1993 Energy Conservation Study initially focused on the legislation recommended by the 1991 Study which remained unenacted. The 1993 Study proposed to the General Assembly Senate Bill 94, a bill creating local energy savings contracts, which would authorize units of local government, local school boards, and community colleges to enter into guaranteed energy savings contracts in order to finance energy conservation measures in local facilities. The 1993 Study also recommended Senate Bill 1045 which would have provided for tax credits for the production and installation of photovoltaic equipment, which was enacted. Senate Bill 464 and House Bill 279 to establish the state facilities energy conservation program, was recommended and introduced, which would have authorized the Department of Administration to enter into alternative financing agreements for the funding of energy conservation projects and to authorize the issuance of bonds that are secured by an interest in the property purchased.

After the 1994 Session of the General Assembly the 1993 Study focused on the mandates of the Energy Policy Act of 1992 and the Clean Air Act and their effect on the State. They began to focus on the mandate for the State to purchase alternative fueled vehicles. The 1993 Study decided that the most efficient and economical method to address these federal mandates was through the creation of an informal working group comprised of representatives from the Department of Administration, the Department of Commerce, the Department of Transportation, and the Office of the Governor. This

working group was to advise the General Assembly on the mandates of EPACT and compliance by the state agencies.

The next presentation was made by Doug Culbreth, Energy Division, Department of Commerce who described the various alternative fuels to the Committee. He discussed alcohols, including methanol, denatured ethanol, and other alcohols; gasahol mixtures; natural gas, liquefied petroleum gas, hydrogen, coal-derived liquid fuels, fuels derived from biological materials, including neat biodiesel; and electricity. *He discussed the mandates of EPACT which required 10 percent of centrally fueled State fleets to be alternative fueled vehicles by 1997, 15% by 1998, 25% by 1999, 50% by 2000, and 75% by 2001 and beyond.* He discussed the limitations inherent with the use of alternative fuels, such as cost, the range of vehicles, accessibility of distribution, the availability of manufactured vehicles, and the cost of infrastructure for dual fueled systems. He discussed that the real benefits from alternative fueled vehicles comes from the reduced emissions from these vehicles and that the air quality plan would help to determine what types of fuels would be used in which areas of North Carolina. He discussed the Energy Division's demonstration projects in Mecklenburg County involving the conversion of 5 or 6 busses to use of compressed natural gas.

The Committee heard a presentation from Dr. Stephen Jurovics, Chairman, Conservation Committee, Energy Policy Council. The Council was charged with making recommendations on energy policy to the Governor and the General Assembly. He gave the Study a preview of the recommendations that would be made before the 1997 Session of the General Assembly. These included: (1) Soliciting appropriations of approximately 5% of the construction cost of new buildings to implement energy efficiencies; (2) Creating a third-party utility loan program; (3) Expanding the budget flexibility act to all state departments; (4) Allowing the building owner to charge building occupants for energy costs; (5) Recognizing the departments that reduce energy costs and encouraging them to share these measures; and (6) Requiring the architectural and engineering firms

competing to design state buildings to provide the building owner with a forecast of future annual energy costs so that could be included in the analysis when awarding design contracts.

#### **April 17, 1996**

The second meeting of the Committee was held on April 17, 1996 in Raleigh. At that meeting the Committee continued its investigations into the impact of the EPACT alternative fueled vehicle requirements for the State of North Carolina.

The first presenter was John Massey, Motor Fleet Management Division, Department of Administration who discussed the centrally fueled fleet with the Committee. He discussed the make-up of Motor Fleet's 6,000 vehicle fleet, with 300 of the vehicles being centrally fueled and the rest spread throughout the state, he said that the State would have to purchase 30 alternative fueled vehicles to comply with the 1997 requirement of EPACT. He indicated that the cost of converting vehicles to dual fueled systems was between \$14,000 and \$16,000 per vehicle. He discussed the difference between the diesel vehicles used by the Department of Transportation and the gasoline or alternative fueled vehicles managed by the Department of Administration.

Under the Energy Policy Act of 1992 (EPACT):

- Applicable Federal Fleets: 25% of new car purchases must be alternative fueled vehicles.
- This increases to 33% by FY'97, 50% in FY'98, 75% in 'FY99.
- State Fleets: Must begin purchasing light duty alternative fueled vehicles beginning in 1997 for centrally fueled fleets of 10 or more vehicles.
- Municipal and private fleets: Will be required to buy alternative fueled vehicles beginning in 1999 if suitable vehicles and infrastructure are available.

There was then a discussion of the use of ethanol. It seems that most of the ethanol produced in this country is controlled by the Archer Daniels Midland Company and they have found that the price of corn, from which the ethanol is made, makes the production of ethanol uneconomical. Two plants were planned for North Carolina but it would take a \$10 million per year appropriation to subsidize them based on the fact that not enough corn is grown in this state to supply the raw materials for the ethanol.

There was a discussion of the feasibility of meeting the 75% alternative fueled vehicle mandate by 2001. It seems that, at the present time, with the lack of manufactured alternative fueled vehicles and the lack of refueling infrastructure, meeting the mandate is highly problematical.

The Committee heard, next, from Brock Nicholson, Assistant Chief for Planning, Air Quality Section, Department of Environment, Health and Natural Resources who discussed the air quality issues, the basis for the change to alternative fueled vehicles, with the Committee. He told the Committee that three North Carolina areas had been designated nonattainment areas<sup>1</sup> for two pollutants: ozone generated from nitrogen oxide emissions and carbon monoxide. Gasoline fueled vehicles are a major source of these pollutants. He said that carbon monoxide was the pollutant for which oxygenated gasoline programs were created. The three areas in North Carolina are Charlotte/Gastonia, the Triad (Greensboro, Winston-Salem, and High Point) and the Triangle (Raleigh/Durham), primarily because of the density of automobiles and their resulting emissions. Electric vehicles are considered zero emission vehicles and compressed natural gas and propane vehicles are considered ultra low emissions vehicles. With electricity, one must consider the byproducts of the production of the electrical power at the source. The Committee spent some time discussing the effects on air quality of the use of various types of alternative fueled vehicles. He concluded by indicating that

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<sup>1</sup> A "nonattainment area" is a geographical area where air quality does not comply with Federal standards.

clean fuel fleet vehicles definitely would make a contribution towards improved air quality.

**November 13, 1996**

The third meeting of the Study Committee was held in Raleigh on November 13, 1996 to consider a proposal for the funding of alternative fueled vehicles mandated by EPACT through the use of some of the Congestion Mitigation and Air Quality funds authorized by the Intermodal Surface Transportation Efficiency Act of 1992 (ISTEA). The proposal was developed by the Energy Division of the Department of Commerce and reviewed by the Air Quality Division of the Department of Environment, Health and Natural Resources. Letters of support were provided by all of the electrical and natural gas utility companies in North Carolina and DEHNR. The proposal would create a mechanism for spending \$4 million of the approximately \$10.5 million CMAQ funds for the purchase or conversion of alternative fueled vehicles. The proposal was submitted to the Department of Transportation which, as of this time, has not approved the use of the funds for this purpose. DOT has projected all of the CMAQ funds for congestion mitigation projects such as new interchanges on state roads throughout the State.

The Committee discussed the proposal and requested that at the next meeting of the Committee a representative of the Governor's Office be present to present the administration's solution to the apparent conflict between the interested agencies. The Committee also asked that the Secretary of Transportation be invited to the meeting to discuss the priorities for the use of the CMAQ funds by that Department.

The Committee recommended the preparation of a legislative requirement, in the form of a Special Provision to the Appropriations Act of 1997, directing the Board of Transportation to include the use of the CMAQ funds for the purchase of the mandated alternative fueled vehicles in the Transportation Improvement Plan.

**November 27, 1996**

The Committee heard a presentation from Whitmel Webb, Department of Transportation, who discussed the manner in which the CMAQ funds are programmed and approved by the Board of Transportation. He indicated that that the DOT staff was aware of the requirements for alternative fueled vehicles under EPACT, but he did believe that the Board was presented with an alternative for the use of these funds to purchase the mandated vehicles.

The Committee heard from Marvin Dorman, State Budget Officer, who indicated that the Governor had not made any decision concerning the use of particular funds to purchase the alternative fueled vehicles but he did state that the State would comply with the federal mandates. He pointed out that if the CMAQ funds were not used, that with matching funds and funds from other sources, the entire \$4 million would not have to come from the General Fund.

The Committee heard representatives of the utilities industries who indicated that unless a specified source of funds for the purchase of the alternative fueled vehicles was found, the utilities might not make the investment to provide the refueling infrastructure needed to refuel and maintain the alternative fuel vehicles. They indicated that the use of CMAQ funds was critical to the decision to make the infrastructure investment.

The Committee discussed a proposed special provision to the Appropriations Act to be forwarded to the appropriate appropriations sub-committees of the House and Senate directing the Department of Transportation and the Board of Transportation to approve the use of CMAQ funds for the purchase of alternative fueled vehicles.

The Committee was reminded by representatives of the Department of Transportation that even if the provision was enacted by the General Assembly, the funds might not be immediately available for the purchase of the 1997 model year vehicles, but could be used to replace other funds used for the purchases.

The Committee voted to recommend the special provision be forwarded to the Legislative Research Commission for transmittal to the 1997 General Assembly.

**December 11, 1996**

The Committee met to approve the final report.

The Committee considered the language in the special provision contained in Appendix C of this report and clarified the intention of the Committee that the Department of Transportation shall use the \$4 million in CMAQ funds to implement the proposal for the purchase or conversion of alternative fuel vehicles.

The Committee considered that the \$4 million would provide for the incremental costs of purchasing or converting approximately 850 vehicles to use alternative fuels during the next three years. Since alternative fuel vehicles cost more than gasoline or diesel fueled vehicles, this money will provide for the costs that are in addition to the costs of the normal programmed replacement of vehicles in the State fleet.

The Committee directed the Counsel to include a recommendation that the Legislative Research Commission be urged to continue the study of energy conservation related matters that was begun in 1991.

The final report was approved for presentation to the Legislative Research Commission.

## FINDINGS AND RECOMMENDATIONS

**The Committee finds** that the Energy Policy Act of 1992, and the rules issued pursuant to that federal legislation, will require the State of North Carolina to purchase alternative fueled vehicles during the 1997 fiscal year and at an increasing rate in future fiscal years. The Committee reviewed a proposal by the Energy Division of the Department of Commerce that federal Congestion Mitigation and Air Quality (CMAQ) funds made available to the State under the Intermodal Surface Transportation Efficiency Act of 1991, one of whose approved uses is the purchase of alternative fueled vehicles, should be used for that purpose. The Committee finds that the electric and gas utility companies serving North Carolina have proposed to invest in the infrastructure necessary to maintain and refuel alternative fueled vehicles purchased by the State pursuant to EPACT, and that this would be a "win-win" situation for the State since the provision of the infrastructure is the most expensive aspect of any centrally fueled fleet conversion from gasoline fueled vehicles to alternative fueled vehicles.

**The Committee recommends** that the attached special provision, to be found in Appendix C of this report, be transmitted by the Legislative Research Commission to the appropriate appropriations sub-committees of the House of Representatives and the Senate for consideration and adoption into the 1997-99 biennial budget requiring the Department of Transportation to recommend to the Board of Transportation, and the Board to approve the use of the Congestion Mitigation and Air Quality Funds, under the Transportation Improvement Program, for the purchase of alternative fueled vehicles as recommended in the Proposal issued by the Energy Division of the Department of Commerce, prepared with the assistance of the Air Quality Division of the Department of Environment, Health and Natural Resources.

**The Committee finds** that the subject of this report, energy conservation and alternative fuel vehicles, merits continued study by the General Assembly.

Energy Conservation, the uses of energy, and the effects that the usage of energy has on the environment, are all subjects that affect every aspect of life in North Carolina. The federal mandates that have already been imposed on the State, the need for improving the quality of life for all North Carolinians, and the need for future economic development in the state, all require that the General Assembly continue to consider energy use and conservation.

**The Committee recommends** that the Legislative Research Commission continue the study of energy conservation, that was begun in 1991, by reauthorizing the study of this subject for the 1997-99 biennium.

## APPENDIX A

### CHAPTER 542

#### **1995 Session Laws (1995 Session)**

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMISSIONS, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, TO MAKE VARIOUS STATUTORY CHANGES, AND TO MAKE TECHNICAL CORRECTIONS TO CHAPTER 507 OF THE 1995 SESSION LAWS.

The General Assembly of North Carolina enacts:

#### **PART I.-----TITLE**

Section 1. This act shall be known as "The Studies Act of 1995".

#### **PART II.-----LEGISLATIVE RESEARCH COMMISSION**

Sec. 2.1. The Legislative Research Commission may study the topics listed below. When applicable, the 1995 bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study. The topics are:

- (1) Atlantic States Marine Fisheries Compact withdrawal (H.B. 948 - Preston)
- (2) Bad check fees (S.B. 876 - Ballance)
- (3) Chiropractic care (S.J.R. 228 - Odom, Soles)
- (4) Consolidation of regulatory agencies of financial institutions (H.B. 839 - Tallent)
- (5) Consumer protection issues:
  - a. Consumer protection (S.B. 59 - Jordan; H.B. 196 - Thompson)
  - b. Rental property rights (S.B. 861 - Perdue)
- (6) Domiciliary care and nursing homes (H.B. 685, H.B. 745 - Clary)
- (7) Education issues:
  - a. Education improvement (State grants and loans for community college tuition and fees, H.B. 42 - Warner)
  - b. School building disposition (S.B. 60 - Jordan, Edwards; H.B. 78 - Wainwright)
  - c. School funding (S.B. 1088 - Winner, Plexico)
  - d. Ability grouping and tracking of students (S.B. 1004 - Martin, W.; H.B. 1051 - Cunningham)
  - e. Teacher tenure, performance evaluation, and incentives (H.B. 210 - Arnold)
  - f. Choice in education (Shubert, Linney, Miller, K., Wood), including tuition tax credits

(H.B. 954 - Wood)

- (8) Election laws reform (S.B. 982 - Plexico; H.B. 922 - Cansler; H.B. 858 - Miner)
- (9) Emergency medical services (S.J.R. 1045 - Speed)
- (10) Energy conservation (S.J.R. 461 - Edwards; H.J.R. 275 - Brawley)**
- (11) Grandparent visitation rights (S.B. 841 - Forrester, Kerr, and Carpenter; H.J.R. 872 - Mitchell)
- (12) Illegitimacy, its prevention, and related child support and welfare benefits issues (Basnight)
- (13) Insurance and insurance-related issues:
  - a. Coastal insurance availability and affordability (S.J.R. 881 - Soles, Parnell)
  - b. Long-term care insurance (S.B. 102 - Parnell; H.B. 98 - Edwards)
  - c. Statewide flexible benefits program and third-party administrator contracts (Executive Order 66)
- (14) Juvenile and family law (S.J.R. 381 - Cooper, Allran, Winner; H.J.R. 251 - Hensley, Rogers, Russell; H.J.R. 274 - Hackney)
- (15) Lien laws (S.B. 434 - Hartsell, Soles, and Cooper)
- (16) Mold Lien Act (H.B. 617 - McMahan)
- (17) Occupational and professional regulation:
  - a. Fire Alarm Installers (Capps)
  - b. Forester licensing (Weatherly)
  - c. Qualified environmental professionals (H.B. 880 - Wood)
  - d. Psychology Practice Act (H.B. 452 - Lemmond)
- (18) Property issues.
  - a. Property rights (H.B. 597 - Nichols)
  - b. Extraterritorial jurisdiction representation (H.J.R. 73 - Ellis)
  - c. Annexation laws (H.B. 660 - Pulley; H.B. 539 - Sherrill)
  - d. Condemnation by government entities, including the condemnation process, fair market value for property, payment of condemnees' attorneys' fees and court costs, and related matters (Allred)
- (19) Revenue and tax issues:
  - a. Revenue laws (H.B. 246 - Gamble)
  - b. Interstate Tax Agreements (S.J.R. 122 - Webster)
  - c. Tax expenditures (H.J.R. 95 - Gamble, Luebke)
  - d. Nonprofit continuing care facilities property tax exemption (S.B. 980 - Plexico and Sherron)
  - e. Diesel Fuel Payment method (S.B. 797 - Hoyle; H. B. 975 - Barbee)
  - f. Taxation of business inventory donated to nonprofit organization (McMahan)
- (20) State Personnel Issues, including needed revisions to the State Personnel Act (Morgan)
- (21) State purchasing and Correction Enterprises (S.B. 420 - Kerr, Sherron; H.B. 302 - Warner)
- (22) Water issues:

- a. Water issues (S.B. 95 - Albertson; H.B. 46 - Ives)
- b. Drinking water tests (H.B. 930 - Allred)
- c. Water conservation measures to reduce consumption (Sherron)

Sec. 2.2. Executive Budget Act Revision (Morgan, Holmes, Gray). The Legislative Research Commission may study the Executive Budget Act and the budget process. The study may consider this State's and other states' laws and policies on the budget process and any other matters it considers necessary in order to recommend a complete revision of the Executive Budget Act and its policies. A study of these revisions shall specifically address the constitutional requirement of separation of powers as it relates to proposing, enacting, and executing a State budget and as it relates to the gubernatorial veto.

Sec. 2.3. Criminal Laws and Procedures; Sentencing (Neely, Odom, and Ballance). The Legislative Research Commission may study criminal laws and procedures, including criminal offenses, criminal penalties, criminal process and procedure, sentencing, and related matters.

Sec. 2.4. Downtown Revitalization (Brawley and Sherron). The Legislative Research Commission may study ways to encourage the development and use of downtown area structures. The use of these structures may include both commercial and residential uses in the same structure. To encourage the development of downtown area structures, the Legislative Research Commission study should evaluate the usefulness and cost-effectiveness of providing the following State and local incentives:

- (1) Income tax credits.
- (2) Reduced property tax liability through the use of exemptions, deferrals, or lower values.
- (3) Zoning law modifications.
- (4) Building code modifications.

Sec. 2.5. State and Federal Retirees (Rand, Perdue, Warren, Edwards, Grady, Morgan, Gray). The Legislative Research Commission may study North Carolina's tax treatment of the retirement benefits of State and federal government retirees residing in North Carolina, the potential need to make changes in the revenue laws of North Carolina relative to such benefits, and recommendations by which any alleged unconstitutional or inequitable tax treatment of retirement benefits might be redressed.

Sec. 2.6. Cape Fear River Basin (Shaw). The Legislative Research Commission may study the uses of the Cape Fear River Basin, including increased economic development, the use of hydroelectric power, recreational uses, and improving water quality for citizens of southeastern North Carolina.

Sec. 2.7. Workers' Compensation (S.J.R. 996 - Kerr). The Legislative Research Commission may study the effect of the assigned risk pool on small employers, the funding mechanisms of the Industrial Commission, workers' compensation premium tax, or any other matter raised by the Chairman or Advisory Panel of the Industrial Commission; provided, however, the Legislative Research Commission shall not study any matter contained in the original or any subsequent version of Senate Bill 906, the legislation that led to the Workers' Compensation Reform Act of 1994. The Commission may also study the issue of funding of workers' compensation for volunteer fire department and rescue squad members.

Sec. 2.8. Committee Membership. For each Legislative Research Commission committee created during the 1995-96 biennium, the cochair of the Legislative Research Commission shall appoint the committee membership.

Sec. 2.9. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1996 Regular Session of the 1995 General Assembly, if approved by the cochair, or the 1997 General Assembly, or both.

Sec. 2.10. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 2.11. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission....

## PART XXI.-----STATE GOVERNMENT REORGANIZATION AND PRIVATIZATION (Morgan, Daughtry, Hoyle)

Sec. 21.1. (a) The State Government Reorganization and Privatization Study Commission is created. The Commission shall consist of the following 12 members:

(1) Four Senators and two members from the private sector appointed by the President Pro Tempore of the Senate.

(2) Four members of the House of Representatives and two members from the private sector appointed by the Speaker of the House of Representatives.

(b) In order to provide for a public-private partnership in examining State government reorganization and privatization, the President Pro Tempore of the Senate shall designate one Senator and one member of the private sector as cochair and the Speaker of the House of Representatives shall designate one Representative and one member of the private sector as cochair. When a vacancy occurs in the membership of the Commission the vacancy shall be filled by the same appointing officer who made the initial appointment. Persons registered as lobbyists under Article 9A of Chapter 120 of the General Statutes may not be appointed to the Commission.

Sec. 21.2. The Commission may study the following issues:

(1) Government reorganization, restructuring, and downsizing.

(2) Privatization efforts of North Carolina and other jurisdictions and the need for State control of

essential services and activities; criteria for determining the scope and methods of privatization.

(3) State aid to private entities, including, but not limited to, the Biotechnology Center and MCNC.

(4) Private auxiliary entities connected with State programs, including, but not limited to, the North Carolina Zoological Society.

(5) Privatization of State services and programs, including, but not limited to, the North Carolina

Zoological Park, the North Carolina Aquariums, and the State Ports.

(6) Outsourcing of State information resource development, operation, and maintenance.

(7) State expenditures for legal services.

(8) Outside counsel for the State (S.J.R. 948 - Cochrane).

(9) Boards and commissions consolidation and abolition (H.B. 677 - Sherrill).

(10) Other related issues.

Sec. 21.3. The Commission may develop, among other proposals, a plan for the orderly privatization of designated services and functions.

Sec. 21.4. The Commission shall submit a final report of its findings and recommendations to the 1997 General Assembly by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives on or before January 15, 1997. The Commission may also submit an interim report of its findings and recommendations to the 1996 Regular Session of the 1995 General Assembly by filing the report with the President Pro Tempore of the Senate and the Speaker of the House of Representatives on or before May 15, 1996. Upon filing its final report to the 1997 General Assembly, the Commission shall terminate.

Sec. 21.5. The Commission, while in the discharge of official duties, may exercise all the powers provided for under the provisions of G.S. 120-19, and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. With the approval of the Legislative Services Commission, the Commission may meet in the Legislative Building or the Legislative Office Building.

Sec. 21.6. Members of the Commission shall receive per diem, subsistence and travel expenses at the rates authorized by law.

Sec. 21.7. The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist in the work of the Commission. The House of Representatives' and the Senate's Supervisor of Clerks shall assign clerical staff to the Commission, upon the direction of the Legislative Services Commission. The expenses relating to clerical employees shall be borne by the Commission.

Sec. 21.8. Upon request by the Commission or its staff, a State department or agency, a local government, or a subdivision of either shall furnish the Commission with any information in its possession or available to it.

Sec. 21.9. The Legislative Services Commission may allocate funds to the Commission for the study authorized under this Part....

## PART XXVI.-----EFFECTIVE DATE

Sec. 26.1. This act is effective upon ratification.

**CHAPTER 17**  
**SENATE BILL 46**  
**(SECOND EXTRA SESSION, 1996)**

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMISSIONS, TO DIRECT STATE AGENCIES AND LEGISLATIVE OVERSIGHT COMMITTEES AND COMMISSIONS TO STUDY SPECIFIED ISSUES, TO ABOLISH THE HEALTH CARE REFORM COMMISSION, AND TO AMEND THE LAWS GOVERNING CORPORATE REINSTATEMENT AFTER DISSOLUTION.

The General Assembly of North Carolina enacts:

**PART I.----TITLE**

Section 1. This act shall be known as "The Studies Act of 1996".

**PART II.-----LEGISLATIVE RESEARCH COMMISSION**

Section 2.1. The Legislative Research Commission may study the topics listed below. When applicable, the bill or resolution that originally proposed the issue or study and the name of the sponsor is listed. Unless otherwise specified, the listed bill or resolution refers to the measure introduced in the 1995-1996 Regular Sessions of the 1995 General Assembly. The Commission may consider the original bill or resolution in determining the nature, scope, and aspects of the study.

(a) State's role in responding to federally-declared disasters (Hayes; J. Robinson).

(b) Employment Security Law Issues (Cochrane and Gulley). The Legislative Research Commission's Employment Security Law Committee, created pursuant to Section 5 of Chapter 1 of the 1995 Session Laws, 1996 Extra Session, may consider the following:

(1) The amount of money that should be maintained in the Unemployment Insurance Fund to meet anticipated claims and to maintain an adequate reserve.

(2) Whether automatic statutory mandates can be used to make adjustments in collections in order to maintain the fund.

(3) What steps can be taken under existing law to curb abuses in the unemployment compensation system, such as those that may result from construction industry layoffs during periods of inclement weather or the vacation season and whether legislation is needed.

(4) Comparing the interest rate earned on the national and State unemployment insurance funds and determining the reasons for any differences, if they exist.

(5) The fairness of the present formula and rates establishing employment compensation, including that of basing a claimant's entitlement to benefits on a movable base period that would include information on wages earned from the latest available quarter rather than on wages earned during the first four of the last five quarters prior to filing under the current system.

(6) Comparing North Carolina's formula and rate of unemployment compensation to those of other states.

(c) Licensing Boards (Little). The study may consider the following: the need for the existence of all of the licensing boards, the necessity and feasibility of regular audits by the State Auditor, the responsiveness, efficiency, and accountability of licensing boards, and any other issues relevant to licensing boards and departmental agencies that issue occupational licenses.

(d) Increasing North Carolina's Minimum Wage (Rand and Gulley). The Legislative Research Commission may study issues relating to increasing the State's minimum wage. If this study is undertaken, the Commissioner of Labor shall be a nonvoting, ex officio member of the committee assigned this issue. The study may consider:

(1) The economic and other evidence relevant to the federal legislation pending before Congress that would increase the federal minimum wage to \$5.15 per hour by July 1, 1997.

(2) Whether North Carolina should continue to have its minimum wage track with the federal minimum wage.

(e) Liability for county departments of social services' negligence, including the following issues: county immunity from suit; waiver of immunity through the purchase of liability insurance, including the effect of requiring the purchase of liability insurance; and State liability for county negligence when a county is deemed immune (Gammons v. N.C. Department of Human Resources) (Gardner; Martin of Guilford).

(f) The impact of the Supreme Court's decision in Craven County Board of Education v. Boyles on civil penalties, forfeitures, and fines collected by State agencies (Rand and Gulley).

(f1) The related and vital issues of education and placement in the training schools run by Division of Youth Services, Department of Human Resources, in order to determine how to ensure that education and placement are adequate and appropriate for all training school students, including Willie M. students.

(g) Allowing property tax refunds for overpayments due to clerical, measurement, or computational errors in appraisal of property (S.B. 1019 - Dannelly).

(h) Block grants awards by the Small Cities Community Block Grant Program (S.B. 1287 - Winner; H.B. 1365 - Easterling).

(i) Public cooperation with the nonprofit sector (H.J.R. 1167 - McMahan).

(j) Alternatives for Providing Permanent Dedicated Sources of Revenue for Affordable Housing (Gulley; S.B. 10 from the 1996 Second Extra Session - Jordan; H.B. 59 from the 1996 Second Extra Session - Shaw). The study may consider:

(1) Possible sources of revenue for permanent, dedicated funding for the perpetuation of the North Carolina Housing Trust Fund.

(2) Permanent, dedicated funding for the Center for Community Self-Help's Home Ownership Expansion Program.

(3) Funding of capacity building grants for nonprofit, tax-exempt housing providers.

(4) Other significant initiatives and resources supporting and encouraging the availability of affordable housing in North Carolina.

(k) The role of North Carolina in global affairs, including the areas of international business, tourism, cultural affairs, and educational affairs, and including the need for long-term, strategic planning in these areas (S.B. 1471 - Plexico).

(1) Department of Environment, Health, and Natural Resources.—The study may consider:

(1) Reorganization of the Department of Environment, Health, and Natural Resources.

(2) Duplication in or inconsistencies between State and federal environmental regulations.

(3) Alternative permitting and compliance mechanisms.

(4) Other issues relating to the administration and enforcement of State and federal environmental laws, regulations, policies, and programs.

Sec. 2.2. Committee Membership. For each Legislative Research Commission committee created during the 1995-96 biennium, the cochairs of the Legislative Research Commission shall appoint the committee membership.

Sec. 2.3. Reporting Date. For each of the topics the Legislative Research Commission decides to study under this Part or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1997 General Assembly, if approved by the cochairs.

Sec. 2.4. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

Sec. 2.5. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission....

#### PART XIX.-----EFFECTIVE DATE AND APPLICABILITY

Sec. 19.1. Except as otherwise specifically provided, this act is effective July 1, 1996. If a study is authorized both in this act and the Current Operations Appropriations Act of 1996, the study shall be implemented in accordance with the Current Operations Appropriations Act of 1996 as ratified.

In the General Assembly read three times and ratified this the 3<sup>rd</sup> day of August, 1996.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

SENATE JOINT RESOLUTION 461

Short Title: Energy Conservation Study/LRC

(Public)

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Sponsors: Senators Edwards, Plexico, Kerr, and Jordan.

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Referred to: Appropriations

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March 22, 1995

A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION TO CONTINUE TO STUDY WAYS TO PROMOTE ENERGY CONSERVATION AND THE USE OF RENEWABLE ENERGY SOURCES IN NORTH CAROLINA.

Whereas, the Legislative Research Commission was authorized in 1991 to study Ways to Promote the Conservation of Energy and the Use of Renewable Energy Sources in Residential, Commercial, Industrial, and Public Facilities; and

Whereas, the study committee proved to be an excellent forum for different State agencies that have a role in promoting energy conservation, architects and engineers, industry, and environmental groups to present their respective opinions for needed changes and improvements in promoting energy conservation in buildings; and

Whereas, the study committee found that energy conservation can save the State and its citizens substantial sums of money by reducing energy costs and at the same time protect the environment, and

Whereas, the Legislative Research Commission was authorized in 1993 to continue its study of Energy Conservation and Use of Renewable Energy Sources; and

Whereas, this study committee continued to look into energy conservation projects in public buildings that would save substantial sums of money in avoided utility bills; and

Whereas, even after four years, there is much work remaining for the study committee to do; and

Whereas, energy conservation remains a largely untapped method of saving money and protecting our natural resources;

Now, therefore, be it resolved by the Senate, the House of Representatives concurring:

Section 1. The Legislative Research Commission is authorized to study ways to promote energy conservation and the use of renewable sources of energy in North Carolina. The study committee may address all issues that bear on energy conservation in this State. In the course of its work, the study committee shall:

- (1) Monitor the conversion of State motor vehicle fleets to alternative fueled vehicles, as required by the federal Energy Policy Act of 1992, 42 U.S.C. S 13201, et seq.
- (2) Monitor other federal legislation related to alternative fuels.
- (3) Receive and review reports from and advise the working group established by the Department of Administration, the Department of Commerce, the Department of Transportation, and the Office of the Governor to plan for the State to meet its alternative fueled vehicles purchasing requirements under the Energy Policy Act of 1992.
- (4) Conduct public hearings in the State regarding the use of alternative fueled vehicles.
- (5) Serve as the focal point for discussions and proposals leading to the development of North Carolina's public policy on the use of alternative fuels for vehicles and energy conservation in general.

Sec. 2. The study committee may submit an interim report to the 1996 Regular Session of the 1995 General Assembly. The study committee shall submit a final report of its recommendations and legislative proposals to the 1997 General Assembly.

Sec. 3. This resolution is effective upon ratification.

**APPENDIX B.**  
**Committee Membership.**

Senator Ed. N. Warren  
227 Country Club Drive  
Greenville, NC 27834

Senator C. R. Edwards  
1502 Boros Drive  
Fayetteville, NC 28303

Senator Hamilton Horton, Jr.  
324 North Spring Street  
Winston-Salem, NC 27101

Senator Dan R. Simpson  
PO Drawer 1329  
Morganton, NC 28655

Ms. Marion Deerhake  
2108 St. Mary's Street  
Raleigh, NC 27608

Mr. Norman Mitchell, Sr.  
5300 Reedham Court  
Charlotte, NC 28208

Mr. Chuck Thompson  
4408 Hesperides Drive  
Nags Head, NC 27959

Representative Foyle Hightower, Jr.  
P.O. Box 1063  
Wadesboro, NC 28170

Representative Mary E. McAllister  
1506 Edgecombe Avenue  
Fayetteville, NC 28301

Representative Ken Miller  
301 South 8<sup>th</sup> Street  
Mebane, NC 27302

Representative Dennis Reynolds  
348 Holly Hill Lane  
Burlington, NC 27215

Representative Charles M. Buchanan  
Route 1, Box 273  
Green Mountain, NC 28740

Representative Marvin W. Aldridge  
90 Tuchahoe Drive  
Greenville, NC 27858

**APPENDIX C.**  
**Proposed Legislation.**

CODE NO. 97-TRANS-S/H002

Requested by: Representative Buchanan

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ALTERNATIVE FUEL VEHICLES (AFV) PROGRAM

Sec. @. The Department of Transportation shall include in the next Transportation Improvement Program, and the Board of Transportation shall approve, the use of four million dollars (\$4,000,000) of the federal Congestion Mitigation and Air Quality (CMAQ) funds provided to North Carolina under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and shall implement the Alternative Fuel Vehicles (AFV) Program Proposal for Congestion Mitigation and Air Quality (CMAQ) Improvement Program Funds that was transmitted to the Secretary of Transportation from the Secretary of Commerce on September 30, 1996 which would establish a program for the purchase or conversion of vehicles in the State's centrally fueled motor fleet to alternative fuels as required by the federal Energy Policy Act of 1992 (EPACT) and programmatic activities including the development of a state infrastructure plan for alternative fuels, training and education for fleet managers using AFVs, and program management.

**DRAFTER'S NOTE:** This proposal requires that the Board of Transportation approve the use of \$4 million of federal funds for the implementation of the proposal for the purchase and conversion of alternative fuel vehicles contained in Appendix D of this report.

Federal funds were allocated to North Carolina under the Intermodal Surface Transportation Efficiency Act of 1991 for Congestion Mitigation and Air Quality purposes. One of the authorized uses for these funds was to meet the mandates of the Energy Policy Act of 1992 which establishes a requirement for the replacement of an increasing proportion of the State's centrally fueled light vehicle fleet with alternative fuel vehicles.

The Board of Transportation has programmed all of the CMAQ funds for congestion mitigation projects other than for alternative fuel vehicles, such as interchange improvements.

This provision requires the Board of Transportation to modify its plans, as contained in the Transportation Improvement Program, to use the \$4 million to implement the proposal cited. Other projects might have to be delayed pending receipt of additional CMAQ funds or may have to be funded from other Highway Fund or Highway Trust Fund sources.